

**IOWA WORKFORCE DEVELOPMENT  
UNEMPLOYMENT INSURANCE APPEALS BUREAU**

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**SHAWN S TERRY**  
Claimant

**KINSETH HOTEL CORPORATION**  
Employer

**APPEAL 17A-UI-05022-LJ-T**

**ADMINISTRATIVE LAW JUDGE  
DECISION**

**OC: 04/16/17  
Claimant: Appellant (1)**

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Iowa Code § 96.3(5) – Benefit Duration - Business Closing  
Iowa Admin. Code r. 871-24.29(1) and (2) – Business Closing

**STATEMENT OF THE CASE:**

The claimant filed a timely appeal from the May 9, 2017, (reference 01) unemployment insurance decision that denied the request to redetermine the claim based upon a business closure. After due notice was issued, a telephone conference hearing was held on May 30, 2017. Claimant participated. Employer Kinseth Hotel Corporation did not register a telephone number at which to be reached and did not participate in the hearing.

**ISSUE:**

Is the claimant eligible to have the monetary determination recalculated due to business closing?

**FINDINGS OF FACT:**

Having heard the testimony and having reviewed the evidence in the record, the administrative law judge finds: Claimant was separated from the employment on April 16, 2017, when the employer, Kinseth Hotel Corporation, was fired from its contract with the Storm Lake, Iowa hotel where claimant worked. Some employees were rehired by the new company that operated the hotel, but claimant was not rehired by this new company. The hotel is still in operation under new management. Claimant testified that he was confused and believed that he was appealing a decision that was denying him benefits.

**REASONING AND CONCLUSIONS OF LAW:**

The administrative law judge concludes that the claimant was not laid off as a result of a business closure at the location where he worked and, therefore, is not entitled to a redetermination of wage credits.

Iowa Code § 96.3(5)a provides:

The maximum total amount of benefits payable to an eligible individual during a benefit year shall not exceed the total of the wage credits accrued to the individual's account during the individual's base period, or twenty-six times the individual's weekly benefit amount, whichever is the lesser. The director shall maintain a separate account for each individual who earns wages in insured work. The director shall compute wage credits for each individual by crediting the individual's account with one-third of the wages for insured work paid to the individual during the individual's base period. *However, the director shall recompute wage credits for an individual who is laid off due to the individual's employer going out of business at the factory, establishment, or other premises at which the individual was last employed, by crediting the individual's account with one-half, instead of one-third, of the wages for insured work paid to the individual during the individual's base period.* Benefits paid to an eligible individual shall be charged against the base period wage credits in the individual's account which have not been previously charged, in the inverse chronological order as the wages on which the wage credits are based were paid. However if the state "off indicator" is in effect and if the individual is laid off due to the individual's employer going out of business at the factory, establishment, or other premises at which the individual was last employed, the maximum benefits payable shall be extended to thirty-nine times the individual's weekly benefit amount, but not to exceed the total of the wage credits accrued to the individual's account. (Emphasis added.)

Iowa Admin. Code r. 871-24.29(1) provides:

Whenever an employer at a factory, establishment, or other premises goes out of business at which the individual was last employed and is laid off, the individual's account is credited with one-half, instead of one-third, of the wages for insured work paid to the individual during the individual's base period, which may increase the maximum benefit amount up to 39 times the weekly benefit amount or one-half of the total base period wages, whichever is less. This rule also applies retroactively for monetary redetermination purposes during the current benefit year of the individual who is temporarily laid off with the expectation of returning to work once the temporary or seasonal factors have been eliminated and is prevented from returning to work because of the going out of business of the employer within the same benefit year of the individual. This rule also applies to an individual who works in temporary employment between the layoff from the business closing employer and the Claim for Benefits. For the purposes of this rule, temporary employment means employment of a duration not to exceed four weeks.

Iowa Admin. Code r. 871-24.29(2) provides:

Going out of business means any factory, establishment, or other premises of an employer which closes its door and ceases to function as a business; however, an employer is not considered to have gone out of business at the factory, establishment, or other premises in any case in which the employer sells or otherwise transfers the business to another employer, and the successor employer continues to operate the business.

Since the employer transferred the business to another employer and the successor employer continues to operate the business at the premises where claimant worked, the administrative

law judge finds that the business did not actually close. Therefore, the administrative law judge concludes that the claimant is not eligible for a recalculation of his wage credits. As the administrative law judge explained to the claimant during the hearing, this decision does not affect claimant's eligibility for benefits based on his separation from employment with Kinseth Hotel Corporation.

**DECISION:**

The May 9, 2017, (reference 01) unemployment insurance decision is affirmed. The claimant was not laid off due to a business closure. Recalculation of benefits is denied.

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Elizabeth A. Johnson  
Administrative Law Judge

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Decision Dated and Mailed

lj/scn